

PAPER MONEY

VOL. XXXVI No. 4
WHOLE No. 190

JULY / AUG 1997



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September 25-28, 1997

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PAPER MONEY

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GENE HESSLER, *Editor, P.O. Box 31144, Cincinnati, OH 45231*

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ON THE COVER. This portrait, engraved by John S. Wallace, was intended for an advertising piece. See page 107 for a review of Mr. Wallace's work.

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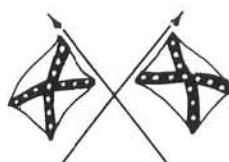
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A Review of the Work of John S. Wallace

by MARK D. TOMASKO ©

John Wallace has achieved an unusual record in the field of picture engraving. A talented, versatile engraver who also had a sharp eye for the business aspects of security engraving, John worked for almost every bank note engraving organization in the United States between the late 1940s and the 1990s. His is a remarkable career, with most of his work in the areas of securities vignettes and postage stamps. He is one of two surviving picture engravers who was apprenticed under Bill Ford at American Bank Note. (Ken Guy is the other.)

JOHN Wallace was born in 1923 and even in his early teens had an interest in bank note engraving. He recalls that at an early age he saw a Union Carbide stock certificate owned by his family, and it made an impression on him. He collected paper money, the one area other than stamps where this form of the intaglio art could be obtained relatively inexpensively, particularly foreign bank notes and pre-Civil War U.S. currency. Figure 1 shows a pencil drawing of a stock certificate done by Mr. Wallace some time between 1936 and 1939. It is an unusual effort for a teenager of any era and demonstrates the interest and talent that would propel John Wallace to the forefront of security engraving.



John served in the U.S. Army in the Pacific from 1942-1946, and remembers collecting paper money while in Asia with the army, especially in Japan. He worked briefly for Du Pont before and after the war, but for this story the key event occurred on a weekend in September 1947 when he visited American Bank Note Company's (ABNCo) Bronx plant and met Bill Ford, the head of Picture Engraving, and Arnold Reece, the head of the Engraving Department. He showed them his drawings, the quality of which was one of the primary criteria for being accepted as an apprentice. It was a memorable weekend because that same day, after he left ABNCo, he met his future wife Marian in a store owned by a friend.

The drawings were obviously good because within a week he was offered the job of apprentice engraver at \$28 a week (fortunately for veterans, the Federal Government made up the difference to \$60 a week until that amount was achieved). Already at American at this time were the following apprentices: Ed Cranz, Ken Guy, Joe Poveromo, Jerry Kisely, and Ed Archer.

The training routine for apprentices started with straight lines on a piece of steel, gradually going to scrolls, and then eventually to copying vignettes. John had a variety of work at ABNCo. One of his first full scale stock certificate pieces (Fig. 2) is a high quality job by the young engraver, but unfortunately an inferior piece of artwork. The face of the male figure is not attractive, nor is the pose and draping. This is an example of the fact that excellent engraving will not redeem a poor piece of art.

American Bank Note Co. engravers were generally not allowed to put their initials in their engravings, though some did, one way or another. While security is a consideration, it seemed quite appropriate for an artist to sign his work. A coupon vignette of an ancient coin on an Israeli bond illustrates what might be coincidence or might be one of the more amusing instances of an engraver's initials in the work. Fig. 3 shows the coin, and while it is not possible to tell how much deviation, if any, there was from the original artwork for the coin, the letters over the cup bear a striking resemblance to "JW".... This piece, done in late 1958, took John a total of 13½ hours to engrave.

An interesting example of a "cooperative" vignette is a special one done by three young engravers for the Kennecott Copper Company (Fig. 4). Joe Poveromo engraved the figure on the left, Ken Guy engraved the mine in the center, and John Wallace engraved the figure on the right.

While there are a number of other pieces John Wallace did at American, the last ones to be mentioned here are two fine portraits. John executed the ABNCo portrait of Harry Truman (Fig. 5), one of his highest quality efforts at American Bank Note. It appears in the 1959 *Story of American Bank Note Company* by Griffiths and was probably engraved to complete the



Fig. 1

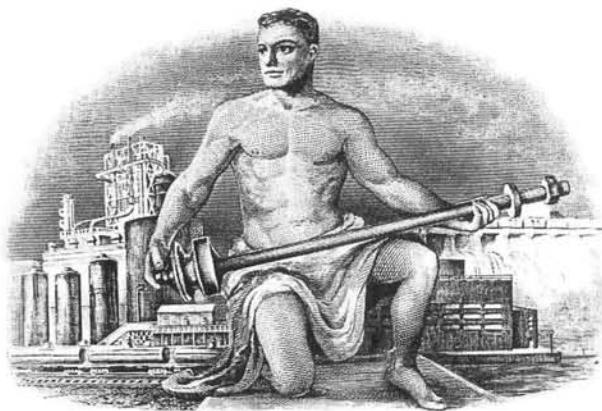


Fig. 2

presidential portraits for the book (the Franklin Roosevelt portrait is by Ed Cranz and Ken Guy did the Eisenhower portrait).

The last ABNCo engraving John Wallace worked on was a portrait of General Francisco de Miranda for a Venezuelan 5 Bolivars note, the model of which, with photo portraits, may be seen in Fig. 6. The engraving is shown in Fig. 7. This was the job John was working on in January 1960 when



Fig. 3



Fig. 4



Fig. 5



Fig. 6



Fig. 7

the infamous "Friday night massacre" occurred. That day Wallace, Kisely, Poveromo, and Felver (who came after Wallace) were all laid off by American Bank Note Co. The 5 Bolívar note was subsequently eliminated from the order, and the portrait, finished by Bill Ford, was never used.

For much of 1960 John Wallace worked at Tiffany's, applying his skills to commercial engraving for social stationery. By late 1960, however, he had started to develop a relationship with the E. A. Wright Bank Note Company. Their vignette stock was rather old and John teamed up with Ohrvel Carlson to provide E.A. Wright with some new figures. Carlson had just completed a series of four "space age" vignettes with rockets and electronic gear for ABNCo, and John introduced him to E.A. Wright. Fig. 8 shows Wallace's engraving of Carlson's art work on a Woodward Corp. stock certificate.

John Wallace used Ohrvel Carlson's artwork for some other vignettes, but he also began to develop an eye for interesting poses, and started to do his own drawings for vignettes. Fig. 9 illustrates John's sketch of a female with legs crossed; Fig. 10 shows the full Wallace drawing, and Fig. 11 has the final engraving, a stock figure for E.A. Wright.

Later in the 1960s John Wallace was working for E.A. Wright full time, though never in their Philadelphia plant, always at home. In the early 1960s E.A. Wright, which had a large diploma business, was purchased by Jostens, a firm specializing in diplomas, class rings, and yearbooks. Jostens later sold the

security engraving part of E. A. Wright to the English firm Thomas De La Rue & Company, who operated variously under the names E.A. Wright, De La Rue, and Federated Bank Note.

Under the Federated Bank Note imprint John Wallace engraved some fine special vignettes. One is Colonel Sanders for the Kentucky Fried Chicken certificate. This portrait was complicated by the fact that the family did not like the eyes in the original version (Fig. 12), even though that was indeed faithful to the artwork. Fig. 13 shows the portrait with the eyes redone.

John's engraving of Thomas Jefferson, with the University of Virginia buildings in the background, done for First Virginia Banks, Inc., is another example of his notable portraits. The face and hair are especially well executed in this vignette, seen on the company's stock certificate, (Fig. 14), and it is all the more impressive because the artwork for it is a statue. John has actually engraved the University of Virginia buildings several times, most recently for a beautifully printed program for a function at the University.

There are a number of other special vignettes John engraved for E.A. Wright and Federated, including Alexander Graham Bell for Southwest Central Bell Telephone, and vignettes for both Eastern Air Lines and Western Air Lines. He also engraved various standard figures for E.A. Wright that were customized with etched backgrounds, a concept Security-Columbian also adopted to minimize the expense of engraving human figures and fleshwork, the most difficult part of picture engraving.

Around 1973 De La Rue sold Federated Bank Note (the imprint under which it was then conducting its U.S. business) to U.S. Banknote Corp. (Security-Columbian). Since Security-

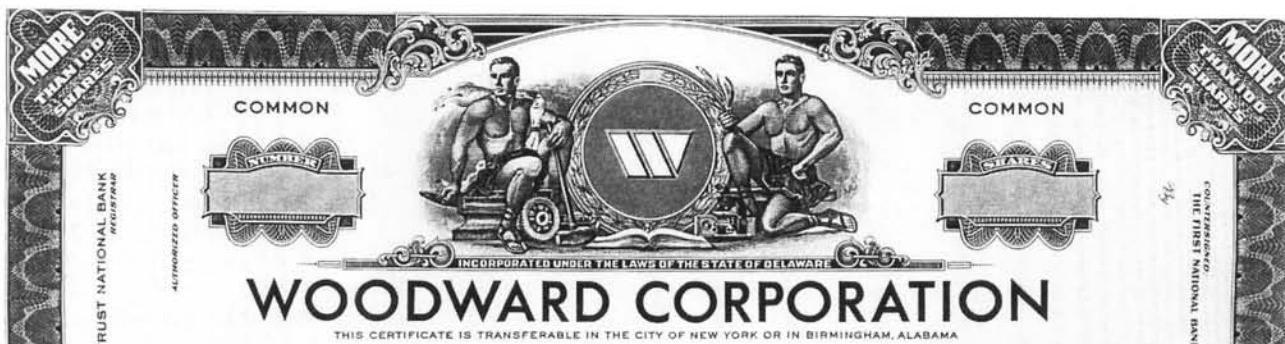


Fig. 8



Fig. 9



Fig. 10



E. A. WRIGHT BANK NOTE CO.

Fig. 11

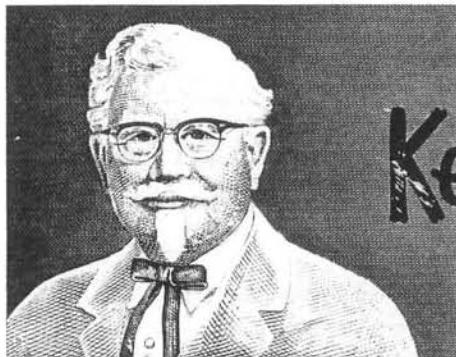


Fig. 12



Fig. 13



Fig. 14

Columbian had the engravers it needed, John applied to the Bureau of Engraving & Printing (BEP) and was hired there as a picture engraver.

In his new position with the BEP his work changed from predominantly stock certificate vignettes to predominantly

stamps, with an occasional food coupon, gasoline ration coupon, and Presidential portrait. He was not the only Federated person to go to the BEP; Peter Cacci, a designer, also went to the BEP and is still there today.

The postage stamp issues illustrated here are mainly John Wallace's portrait stamps, because a good portrait is one of the top achievements of a picture engraver, and is usually mostly "cutting" as opposed to etching. One of John's first fine portraits is the Adolph Ochs stamp in 1976. It is a very effective, larger-than-usual stamp size portrait that involves the sort of "interdot" technique not often found on stamp portraits because of the size of the engraving (Fig. 15). Another good, but more normal-sized portrait is that of Captain Cook, on a 13-cent stamp in 1978 (Fig. 16). The face texture is fine and the hair is particularly effective. In 1979 John engraved an excellent, extremely effective portrait of Albert Einstein for a 15-cent stamp (Fig. 17). It is one of Wallace's finest postage stamps.

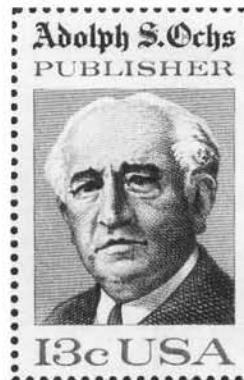


Fig. 15



Fig. 16



Fig. 17



Fig. 18

The Everett Dirksen 15-cent stamp at the beginning of 1981 is another fascinating portrait (Fig. 18). Examined closely, this engraving reveals an unusual technique of heavy use of vertical lines to achieve its effect. It is closer to an etching technique, and works very well here.

John Wallace engraved a number of duck stamps while at the BEP, and four are shown here for their engraving technique. The Hooded Merganser (for 1978-79) has a water reflection that is excellent (Fig. 19). The Green-winged Teal (1979-1980) is an unusually large portrait of a duck for one of these stamps, and the etching is fine (Fig. 20). The Ruddy Ducks (1981-82) again have a very effective reflection effect in the water (Fig. 21). The Canvasbacks of 1982-83 represent a different effort, an overall engraved scene, again ably done (Fig. 22). The multi-colored nature of these stamps make them a very different challenge from the portrait stamps.



Fig. 19



Fig. 20



Fig. 21



Fig. 22

John memorialized two presidents, Jimmy Carter and Gerald Ford, by engraving their large presidential portraits. The fine engraving of Jimmy Carter is illustrated in Fig. 23.

During his years at the BEP John worked with several apprentices, today men who are two of the three primary picture engravers at the BEP. Ken Kipperman was an apprentice under John Wallace for a brief period at the end of his apprentice-



Fig. 23

ship, and Gary Chaconas was an apprentice with John Wallace for five years.

While at the Bureau Wallace was asked by Security-Columbian Banknote (also known as U.S. Banknote Corp.) if he could do some special jobs for them on his own time, and he received the Bureau's permission to take on this work. One of his more unusual projects for Security-Columbian was a special vignette engraved in 1981 for the St. Regis Paper Company stock certificate (Fig. 24). It is a view from below of a man standing under a tree. Examined closely, the effect of the tree is created by etching beneath a background of cross-hatching. It is one of John Wallace's best engravings. Sadly, the Company no longer exists, having been taken over by Champion in the 1980s, so the Wallace engraving is no longer used.

Another unusual vignette for Security-Columbian was a statue for Pabst Brewing Company (Fig. 25). Statues, like the one of Jefferson described earlier, are never an easy subject, and it is always interesting to see the result.

In 1980 John Wallace engraved (also for Security-Columbian) a combination portrait and building for Republic New York Corporation, the parent of Republic National Bank (Fig. 26). It is a good portrait and a nice vignette of the old Knox Hat Corp. building that is part of Republic's headquarters at Fifth Avenue and 41st Street in New York City. Republic has since built a major skyscraper that surrounds the old building shown in the vignette.

There are a number of worthwhile jobs John did for Security-Columbian in this era, but space only permits mention of one more, a portrait of Jeremiah Allen for the Hartford Steam Boiler Inspection and Insurance Co. stock certificate. It is an excellent portrait (Fig. 27), and, ironically, John was asked to do it just as Security-Columbian (U.S. Banknote Corp.) was acquiring American Bank Note, in 1990, resulting in John



Fig. 24



Fig. 25

Wallace's work, thirty years later, being done for American Bank Note again.

Wallace retired from the Bureau in 1987, but certainly did not retire from engraving. In fact, he subsequently embarked



Fig. 26



Fig. 27

on a major course of work for another bank note company: Northern Bank Note. Northern had done primarily municipal and state securities for some years, but upon the merger of American and Security-Columbian, re-entered the business of

doing fully-engraved work for New York Stock Exchange-listed companies. John Wallace, working from his studio at home, helped Northern develop their vignette library.

One of the first vignettes was engraved from artwork by Bob Lavin (see *PAPER MONEY* No. 183) in 1990. The photo-reduction of the painting is illustrated in Fig. 28. Notice that the engraving, Fig. 29, omits the city and background, intentionally, so that the figures can be used with any appropriate etched background. The figures have seen considerable use by Northern.



Fig. 28



Fig. 29

A kneeling blond woman, done in 1991, was both drawn and engraved by John Wallace, and is also shown with two different etched backgrounds (Figs. 30, 31, and 32). Similarly, an athlete with a torch provides another basic vignette subject, Fig. 33.

John Wallace had done several vignettes for Northern Bank Note in earlier years, and one of those, a seated female, is seen in Fig. 34, the vignette titled *Ecology*. The background was done in the 1990s, however, and the title has evidently been effective, as several power companies use the vignette.

John Wallace has completed his work for Northern Bank Note, and while there are once again a number of additional examples that could be shown, space permits no more.

The last works from John Wallace's graver to be illustrated here are a commercial piece from an early era, and one of John's latest efforts. Off and on during his career John has done social stationery engraving, and Fig. 35 is my personal favorite, an engraving of the "penny black" stamp for a philatelist's stationery. It is shown here without the individual's name and address.

The last illustration, Fig. 36, is a charming portrait of a female John engraved in 1996 for use on a proposed advertising



Fig. 30



Fig. 31



Fig. 32



John Wallace
NORTHERN BANK NOTE CO.
Fig. 33

note. It is a high quality portrait of an attractive woman, with "five" in a number of different languages to the left to simulate a bank note.



Fig. 34



Fig. 35

John Wallace started his career at American Bank Note in 1947, and proceeded on a remarkable odyssey through the security engraving industry in the United States. That journey provided him with the opportunity to work for nearly every



Fig. 36

bank note engraving organization in the country: American, E.A. Wright, Federated, the Bureau of Engraving & Printing, Security-Columbian, and Northern. His record includes many outstanding portraits, vignettes, and stamps. Additionally impressive is the fact that in a number of cases John Wallace not only did the engraving, but also the artwork for the vignettes and constantly kept an eye trained to spot good poses of males and females for possible use in vignettes. He learned early on that versatility and creativity were important features for an engraver who would work on a freelance basis for much of his career. And, as Fig. 36 illustrates, at the age of 73 John Wallace is still producing high quality work. Bill Ford would have been pleased. ■

NATIONAL BANK NOTES SERIES 1929

WERE ISSUED FOR ONLY SIX YEARS, FROM JULY 15, 1929 TO JULY 10, 1935

TYPE I NOTES FROM JULY 15, 1929 TO MAY OF 1933

TYPE II NOTES FROM MAY 1933 TO JULY 10, 1935

THESE SMALL-SIZE NATIONAL BANK NOTES OCCUPY A SPECIAL PLACE IN U.S. MONETARY HISTORY

by KEN McDANIEL

IN 1965 the SPMC Board formed a study group to research the 1929–1935 small-size overprinted national bank notes. From 1965 to 1969 the study group consisted of: Peter H. Huntoon, Louis Van Belkum, John T. Hickman, John T. Waters, Johnny O. Baas, Richard Hood, M. Owen Warns and Glenn B. Smedley, president of the SPMC. Arlie R. Slabaugh and Lee F. Hewitt were involved in the first reporting of notes; this was 1965–1966, and they published a small pamphlet in 1967.

From 1965 to 1969 the study group continued to document notes, which culminated in their publication *The National Bank Note Issues of 1929–1935*. We called it the "Blue Book." Building on this work, there were periodic supplements that were published in *PAPER MONEY*. M. Owen Warns served as coordinator from 1969 to 1986 during which time it became known as the "Warns Project." Tom Snyder took over in late 1986 and did an admirable job.

The main search was for the first note to surface for a charter. It was recorded as the *Charter Discovery* note. Most banks issued several denominations. After the charter discovery note has been recorded, the remaining unreported denominations have their first note recorded as the *Denomination Discovery* note. These searches are still going on. We ask collectors to send in their new discoveries along with reproducible photocopies and a brief write-up to be recorded and published.

There were 6997 charters that issued Series 1929 nationals. As of supplement XIX in the May/June issue of *PAPER MONEY*, No. 147 in 1990, the total unreported charters stood at 258. Also in 1990 there were 2220 unreported denominational notes remaining.

We are working at bringing the lists up to date and the totals will decline. There is a way to go and we ask for your assistance and cooperation.

Ken McDaniel, project coordinator.
Frank Bennett, assistant coordinator.

CARMI A. THOMPSON SIGNATURE NOTES

by ROBERT R. ANSCHUETZ II

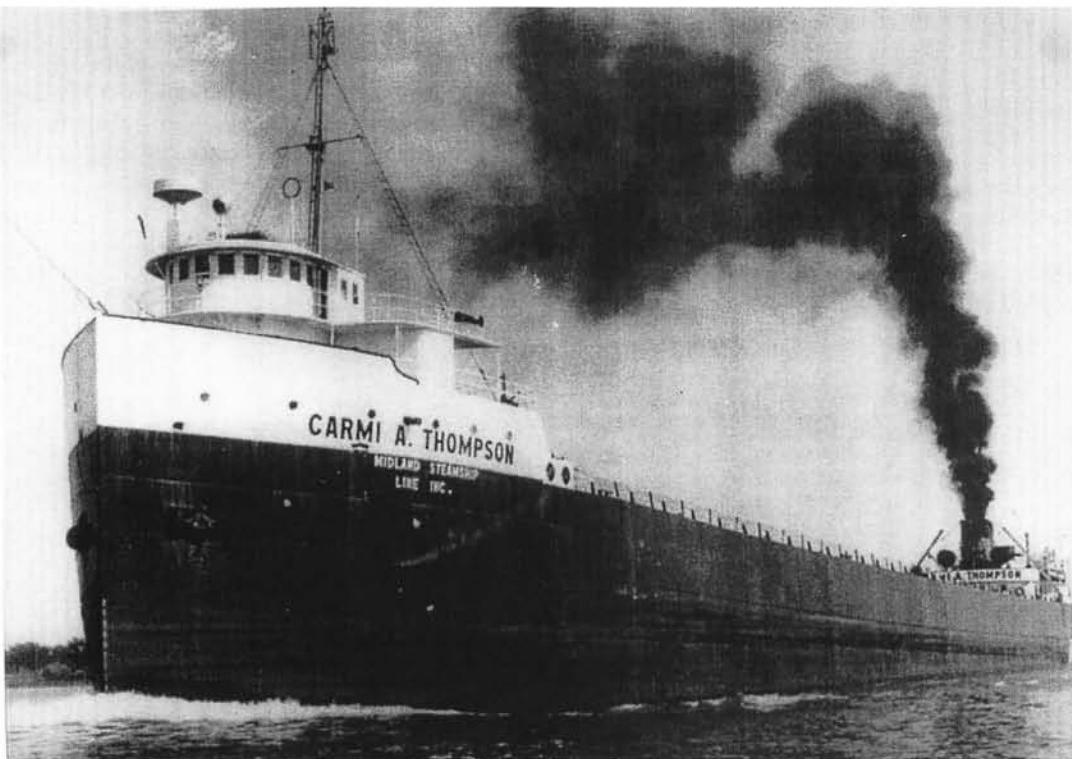
Introduction

According to most references, Carmi A. Thompson served as the Treasurer of the United States from November 22, 1912 through March 31, 1913. Thompson's signature on U.S. large-size paper money appears coupled with that of then Register of the Treasury James C. Napier. Although Napier was in office for quite a long time, it was Thompson's short term in office which led to a scarce signature combination. Because of the scarcity of notes printed, the Napier-Thompson signature combination remains one of the rarest signature combinations of large-size American paper money. Of the twelve basic types of large-size paper money, the Napier-Thompson signature combination appears on four of them: national bank notes (national currency), United States notes (legal tender), silver certificates, and gold certificates.

Jack E. Fisher's article entitled "Carmi A. Thompson," in PAPER MONEY No. 166, does an excellent job of detailing Thompson's interesting life of public service and private capitalism. The intent of this article is to provide additional information regarding Thompson's political and industrial careers, and to describe the many types of Napier-Thompson signature notes available.



Carmi A. Thompson (1870–1942). Thompson served as the Treasurer of the United States from November 22, 1912 to March 31, 1913.



Carmi A. Thompson Great Lakes freighter. The Thompson made shipments across the Great Lakes for more than a half century.

Biography

CARMI ALDERMAN THOMPSON was born on a Wayne County, West Virginia farm on September 4, 1870. At a young age he worked in the coal mines of Ironton, Ohio while attending public schools. Thompson graduated from the Ohio State University Law School in 1895 and began his political career as city solicitor in Ironton one year later. From 1903 to 1910 Thompson served the state of Ohio in the capacities of State Legislator, Speaker of the House, and Secretary of State. In March 1911 President William Howard Taft appointed Thompson to the position of Assistant Secretary of the Department of the Interior, where he was chiefly instrumental in the creation of the Bureau of National Parks by Congress in 1912. In July 1912 Thompson was appointed to the position of Secretary to the President. In November 1912 Thompson was promoted to the office of Treasurer of the United States. Thompson left public office in March 1913, just prior to the implementation of the Federal Reserve Act.

On leaving political office Thompson returned to his roots and became involved in mining and shipping in both Minnesota and Ohio. In 1931 Thompson became president and chairman of the board for the Midland Steamship Company. One of the Midland Great Lakes freighters was named the *Carmi A. Thompson*. The *Carmi A. Thompson* was built by the American Ship Building Company in Lorain, Ohio in 1917, and was named after Thompson while he was working for a rival mining company, the M.A. Hanna Company. The *Carmi A. Thompson* served in the Midland Fleet from 1931 to 1962. In 1963 it was purchased by the Comet Enterprises Limited Fleet where it was renamed the *Thorold*. It was retired and sold for scrap in December 1971.

Thompson was a member of the American, Ohio State, and Cuyahoga County bar associations, the United Spanish War Veterans (national commander, 1925-1926), the Masonic order, and the Knights of Pythias. He was also a member of the Columbus Club in Columbus, as well as the Union Club and Country Club in Cleveland. He also belonged to the University and National Press clubs in Washington DC.

Thompson was considered a student of history and an authority on gardening and flowers. In his later years he resided in the Cleveland suburb of Euclid. Thompson continued to practice law at the firm of Thompson & Smith and served as the board chair of the Midland Steamship Company until his death in Cleveland on June 22, 1942.

Napier-Thompson Signature Variations

Notes with the Napier-Thompson signatures bear many different series dates and offer a wide variety of face portraits, back designs, and interesting vignettes. The number of different notes bearing the Napier-Thompson signature combination depends on the number of variations that one is willing to consider as separate issues, but most can agree that at least 17 different basic issues exist. This breakdown includes ten different national bank notes, one United States note, three different silver certificates, and three different gold certificates. In addition to these, another had been planned (the 1882 \$5000 gold certificate), but was never released. A table of 22 different variations of the Napier-Thompson signature combination is listed for reference. A comprehensive description of each of these notes follows, with most of the information obtained from Gene Hessler's *Comprehensive Catalog of U.S. Paper Money*.

National Bank Notes

\$5 Series 1902, Third Charter, Second Issue.

There are two variations of this note. In the upper left of the first variation are the words "Secured by United States bonds deposited with the (United States of America)." The second variation bears the sentence "Secured by United States bonds or other securities." On the face 23rd President of the United States Benjamin Harrison's portrait is featured. This note was designed by Ostrander Smith and engraved by G.F.C. Smillie. The *Landing of the Pilgrims* on the back was engraved by G.F.C. Smillie. The dates "1902-1908" are printed on the back.

\$5 Series 1902, Third Charter, Third Issue.

This note is identical to the \$5 Third Charter, Second Issue except that it has no dates on the back.

\$10 Series 1902, Third Charter, Second Issue.

On the face, the Courtney photograph of William McKinley was engraved by G.F.C. Smillie. On the back is Walter Shirlaw's *Liberty and Progress*, also engraved by Smillie. The dates "1902-1908" are printed on the back.

\$10 Series 1902, Third Charter, Third Issue.

This note is identical to the \$10 Third Charter, Second Issue except that it has no dates on the back.



\$20 Series 1902, Third Charter, Second Issue.

On the face Hugh McCulloch's portrait is featured. McCulloch held the office of Secretary of the Treasury twice, from 1865-1869 and from 1884-1885. Ostrander Smith designed this note and Alfred Sealey engraved the portrait. On the back is *Union and Civilization*, engraved by G.F.C. Smillie. Also on the back, *The Capitol*, engraved by Marcus W. Baldwin. The dates "1902-1908" are printed on the back.

\$20 Series 1902, Third Charter, Third Issue.

This note is identical to the \$20 Third Charter, Second Issue except that it has no dates on the back.

\$50 Series 1902, Third Charter, Second Issue.

On the face John Sherman's portrait appears. On the back is *Mechanics and Navigation*, engraved by G.F.C. Smillie. The dates "1902-1908" are printed on the back.

\$50 Series 1902, Third Charter, Third Issue.

This note is identical to the \$50 Third Charter, Second Issue except that it has no dates on the back.

\$100 Series 1902, Third Charter, Second Issue.

On the face John Knox's portrait appears. Knox (1826-1892) served as Comptroller of the Currency from 1872 through 1884. Ostrander Smith designed this note and G.F.C. Smillie engraved the portrait. The dates "1902-1908" are printed on the back.

\$100 Series 1902, Third Charter, Third Issue.

This note is identical to the \$100 Third Charter, Second Issue except that it has no dates on the back.

United States Notes

\$5 Series 1907, Fourth Issue.

This note has red serial numbers with a small red scalloped seal. A total of 1,596,000 of these notes were printed, and of those at least 17 still exist. On the face the portrait of Andrew Jackson, based on a painting by Thomas Sully, was engraved by Alfred Sealey. On the back, *The Pioneer*, engraved by Henry Gugler. The back design was engraved by G.L. Huber. Star, or replacement, notes may have been printed for this issue, but none have been confirmed.

Silver Certificates

\$1 Series 1899, Fourth Issue.

This note has the series date appearing vertically to the right of the small blue seal. A total of 6,740,000 notes were printed. On the face, the *Eagle of the Capitol* was engraved by G.F.C. Smillie. To the left and right of the eagle are small portraits of Abraham Lincoln and Ulysses Grant. The Lincoln portrait was based on a photograph by Anthony Berger. The wreaths that surround the portraits were engraved by Marcus W. Baldwin.

\$2 Series 1899, Fourth Issue.

This note has the series date appearing vertically to the right of the small blue seal. A total of 1,816,000 notes were printed. A group of at least 14 notes are known with serial numbers under 100. On the face a portrait of George Washington is flanked by *Mechanics and Agriculture*. The engravers were G.F.C. Smillie and Marcus W. Baldwin. The back design was engraved by E.M. Hall, W.F. Lutz, J.P. Prender, R. Ponickau, D.S. Ronaldson, and G.U. Rose, Jr.



Denomination	Type	Description	Series
\$1	Silver Certificate	Fourth Issue.	1899
\$2	Silver Certificate	Fourth Issue.	1899
\$5	Silver Certificate	Fourth Issue.	1899
\$5	National Bank Note	Third Charter. Second Issue. Date back. "...other securities."	1902
\$5	National Bank Note	Third Charter. Second Issue. Date back. "...deposited with the."	1902
\$5	National Bank Note	Third Charter. Third Issue. Plain back. "...other securities."	1902
\$5	National Bank Note	Third Charter. Third Issue. Plain back. "...deposited with the."	1902
\$5	United States Note	Fourth Issue.	1907
\$5	United States Note	Fourth Issue. Star Replacement. Not Confirmed.	1907
\$10	National Bank Note	Third Charter. Second Issue. Date back.	1902
\$10	National Bank Note	Third Charter. Third Issue. Plain Back.	1902
\$10	Gold Certificate	Seventh Issue. "Act of July 12, 1882."	1907
\$10	Gold Certificate	Seventh Issue. "Act of March 4, 1907."	1907
\$20	National Bank Note	Third Charter. Second Issue. Date back.	1902
\$20	National Bank Note	Third Charter. Third Issue. Plain back.	1902
\$20	Gold Certificate	Seventh Issue.	1906
\$50	National Bank Note	Third Charter. Second Issue. Date back.	1902
\$50	National Bank Note	Third Charter. Third Issue. Plain back.	1902
\$100	National Bank Note	Third Charter. Second Issue. Date back.	1902
\$100	National Bank Note	Third Charter. Third Issue. Plain back.	1902
\$100	Gold Certificate	Fourth Issue.	1882
\$5,000	Gold Certificate	Never Issued.	1882

Table 1. Napier-Thompson Signature Variations

\$5 Series 1899, Fourth Issue, Blue Seal.

A total of 2,234,000 of these notes were printed. On the face the model for the portrait was Chief Running Antelope, a Sioux. The headdress is a Pawnee war bonnet. G.F.C. Smillie engraved the portrait. Additional engravers were W. Montgomery, E.M. Hall, E.E. Myers, R. Ponickau, and G.U. Rose, Jr., who also engraved the back.

\$20 Series 1906, Seventh Issue, Yellow Seal.

A total of 2,276,000 notes were printed. The portrait of George Washington on the face was engraved by Alfred Sealey. On the back *The Great Seal of the U.S.* in bright yellow was engraved by Robert Ponickau.

**Gold Certificates****\$10 Series 1907, Seventh Issue, Yellow Seal**

A total of 2,276,000 notes were printed. The "Act of July 12, 1882" appears on one variety, while the "Act of March 4, 1907" appears on another. The portrait of Michael Hillegas appears on the face. Along with George Clymer, Hillegas held the office of co-Treasurer of the U.S. They were the first to hold this office. The portrait of Hillegas, originally painted by A.M. Archambault, was engraved by G.F.C. Smillie. On the back the yellow design was engraved by H.L. Charlton, E.M. Hall, and G.U. Rose, Jr.

\$100 Series 1882, Fourth Issue, Red Seal.

A total of 198,000 notes were printed and of those at least 37 still exist. On the face the portrait of Thomas H. Benton was engraved by Charles Burt. On the back *The Eagle* in bright yellow was engraved by Joseph P. Ourdan.

\$5000 Series 1882, Fourth Issue, Red Seal.

A plate proof at the Bureau of Engraving and Printing exists, though there is no record of issue. On the face the portrait of James Madison was engraved by Alfred Sealey. On the back *The Eagle's Nest* in the bright yellow was based on a painting by Gilbert Stuart.

Author's Notes

The author is Carmi A. Thompson's cousin Lafayette Thompson's great-great grandson. According to the author's grandmother Mildred Thompson, the proper pronunciation of Thompson's first name is "car-my" as opposed to "car-mee". The author's great-grandmother Mary Elizabeth Thompson had the picture of the Carmi A. Thompson Great Lakes freighter displayed in her bedroom for many years. The author began collecting Napier-Thompson signature notes in 1995. His ambition is to eventually collect one of each of the types of Napier-Thompson signature notes. He would appreciate any additional information on Carmi A. Thompson or Napier-Thompson signature notes. Contact him at: 1123 Lake Weldon Dr., Orlando, FL 32806.

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ABOUT TEXAS MOSTLY

THE FIRST NATIONAL BANK IN COOPER, TEXAS

by FRANK CLARK

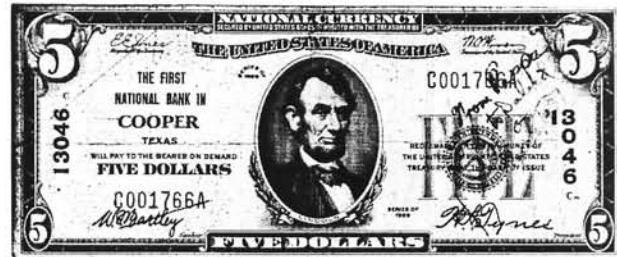
COOPER is located 90 miles northeast of Dallas in Delta County. This county was created in 1870 from parts of the surrounding counties, and Cooper is the county seat. Delta County gets its name from the fact that it is shaped like the letter "Δ" delta in the Greek alphabet.

The first bank founded in the county was The Delta County Bank in Cooper in 1889. It was a private bank and was located in a grocery store. In 1891 the bank applied for and received federal charter 4500, becoming The First National Bank of Cooper.

The bank issued the following types of notes: Second Charter Series 1882 \$10 and \$20 Brown Backs and Date backs; Third Charter \$10 and \$20 Date Backs and Plain Backs. The total amount of circulation issued was \$831,800.

The First National Bank merged with the Guaranty State Bank in 1925. On April 28, 1927 The First National Bank placed

itself in voluntary liquidation. The directors then voted to recharter the bank. Federal regulations at the time prohibited the use of the old name for the new bank, so the new bank became The First National Bank In Cooper. The new charter number of the bank was 13046.



A \$5 Series 1929 Type I note issued by The First National Bank in Cooper, Texas. Engraved signatures of W.I. Bartley, cashier and W.H. Tynes, president. Written in the upper right corner of the note is, "From Pappa to David on Dec. 8, 1931." Could this have been someone's Christmas present?

Under the new charter and title, the bank issued Series 1929 Type I and Type II notes in denominations of \$5, \$10 and \$20. When the note-issuing period ended in May of 1935, the bank's outstanding circulation was \$48,750.

The bank has experienced continued growth, and is still in business today. It has been in the same building on the downtown square in Cooper since 1909.

The original founder of the bank was William J. McDonald (1844-1926). At his death he left a great fortune to the University of Texas to establish an astronomical observatory of the first order. This became the world-famous McDonald Observatory in west Texas. It is one of the busiest and most productive astronomical research centers in the United States. In May 1989 the McDonald Observatory celebrated its fiftieth anniversary.

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MODERN MULES

by MIKE STRATTON

I began collecting paper money many years ago and decided to specialize in both large- and small-size two-dollar bills. Other issues such as small-size silver certificates and U.S. notes also were intriguing so I picked up various notes as they caught my eye. I eventually ended up with four notes that I discovered were called "mules." Last Christmas I asked for and received the book *Standard Guide to Small-Size U.S. Paper Money 1928 to Date*, by Dean Oakes and John Schwartz, and began entering the serial numbers of all my small-size notes into the book. This book gives serial number ranges for various mule notes. For example, the \$10 silver certificate, Series 1934A, Blue Seal, serial number range A74 452 813A through A90 577 124A contains mule notes.

Exactly what is the agreed-upon definition of a "mule"? Oakes and Schwartz define a mule as "a note that has a micro check number on one side and a macro check number on the other. Micro numbers measure 0.6mm high whereas macro numbers are 1mm high." Oakes and Schwartz indicate that mules were produced during the 15-year period 1938 to 1953 and show a very comprehensive table of mules in denominations from \$1 through \$100 and even indicate that mules are possible in the \$500, \$1000, \$5000, and \$10000, Series 1934, denominations.

As an avid coin and bill collector, I've gotten in the habit over the years of checking every coin or bill that passes through my hands, just to see if anything jumps out. Doing this has resulted in finding, in circulation, a 1934A, \$10 Federal Reserve note in fine+ condition, among others. Doing this, after thoroughly studying the Oakes and Schwartz book, led me to find what I consider to be modern day mules. These notes, so far, have a small face plate number and a larger back plate number. The vast majority of notes I have examined have the face number and the back number the same size, about 0.8mm high. On these modern mules, the face number is still about 0.8mm high but the back number is about 1.1mm. This may not seem like a significant difference but the larger back numbers are very obvious. What is so amazing to me is that these modern mules apparently are not that scarce and are pretty easy to find in circulation.

Another fascinating point is that these notes seem restricted to the Fort Worth currency press runs, the notes with the letters "FW" to the left of the face number. I happened to find two \$1 Federal Reserve notes, Series 1995, one with the letters FW and the other without the FW, both of which have the same back plate number, 62. The FW note is a mule, the other is not. That is, the "FW" note has the back number (62) larger than its face number (6), while the other has its back number (62) the same size as its face number (8). The serial numbers of each note are: L42 837 276A for the FW note, and A82 037 382A for the other.

I have found these modern mules in the following Federal Reserve note denominations: \$1, \$5, \$10, and \$20. I admit that I have little reason to regularly handle \$50 or \$100 notes so this article is restricted to these four values. Each time I happen to find one of these notes, I note the denomination,



series, serial number, face plate number and back plate number. I've constructed a table of the notes I've found and have discovered these mules in 1988A, 1993, and 1995 series notes. The table is shown below. Also shown is a view of a modern mule and a modern non-mule for comparison of face and back plate number sizes.

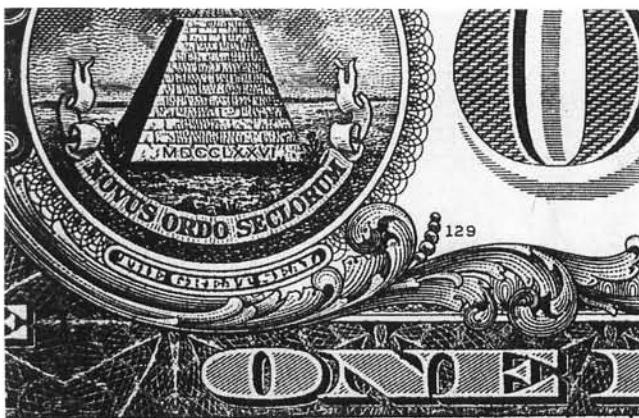
This article is designed to get people thinking about the possibility of modern mules and, especially, looking at currently circulating bills.

Denomination	Type: FRN=Federal Reserve Note	Series	Serial Number	Front Plate Number	Size: S=Small L=Large	Back Plate Number	Size
1 Dollar	FRN	1988A	F30266347T	FW H 262	S	250	L
"	"	"	G71697008V	FW G 272	S	220	L
"	"	"	H80489026H	FW C 386	S	314	L
"	"	"	I40315336E	FW B 301	S	208	L
"	"	"	I89762062H	FW A 381	S	273	L
"	"	1993	G58622228C	FW F 96	S	11	L
"	"	"	K33827290B	FW B 11	S	307	L
"	"	"	L52994866E	FW A 55	S	320	L
"	"	"	L64409042E	FW C 55	S	331	L
"	"	"	L69060588H	FW B 120	S	371	L
"	"	1995	L42837276A	FW G 6	S	62	L
5 Dollar	"	1988A	G12311819H	FW F 61	S	73	L
"	"	1993	G28914017A	FW A 12	S	96	L
10 Dollar	"	1995	L39514310A	FW F 3	S	1	L
20 Dollar	"	1993	L38753928B	FW B 10	S	31	L
"	"	"	L94023221F	FW G 74	S	65	L

Table of Observed Modern Day Mules



Finally, on a slightly different subject, I have found a modern \$1 Federal Reserve note that appears to have its back plate number on the "wrong" side. Take a look at the \$1 bills you have in your wallet right now. Odds are that the back plate number is shown in the lower right corner of the bill, in what I call the "ONE" window. This bill, the only one I've ever found, has its back plate number in the lower left corner of the "ONE" window. Has anyone else made this observation? The bill is a \$1 Federal Reserve note, Series 1985, serial number F07 700 168A, face plate number F1, back plate number 129. This note is not a mule. I have a complete set (A through L) of Series 1985 \$1 bills, and not one of the twelve has this feature; that is, all the back plate numbers are on the right side of the "ONE" window. ■



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THE FIRST NATIONAL BANKS OF PAXTON, ILLINOIS AND SIR WILLIAM PAXTON

by JACK H. FISHER, N.L.G. ©

WHAT did the First National Banks of Paxton, Illinois have in common with Sir William Paxton? Yes, First National Banks (plural) and not just First National Bank (singular).

The First National Bank of Paxton, Illinois, Charter 1876, was chartered on September 13, 1871 with a capitalization of \$50,000. This bank issued First Charter Original Issue notes in denominations of \$1, \$2, \$5, \$10 and \$20. The total amount of circulation was \$77,400.

The bank was placed in voluntary liquidation on January 28, 1876 and was succeeded by the Ford County Bank. Amount of notes outstanding in 1910 was only \$471.

The only \$2 note issued by this bank known to the late national bank note expert John Hickman is the note issued with bank serial number 2144, dated October 20, 1871.

This Original Issue \$2 has Charter 1876 on the face of the note, which is another reason for it to be regarded as special. Only a small percent of Original Issue notes have the bank charter number on the notes: the notes of the Original Issue First Charter Period with the charter number of the bank were notes issued at the end of the Original Issue period.

The second bank with the title of The First National Bank of Paxton, Illinois has Charter 2926, chartered March 30, 1883 with a capitalization of \$50,000. It was a successor bank to the George Wright Bank.

This bank issued Second Charter Brown Back notes in denominations of \$10 and \$20; Third Charter Red Seal, Date Back Blue Seals and Plain Back Blue Seals in denominations of \$10 and \$20; and 1929 type I small-size notes, also of the \$10 and \$20 denominations.

The bank was placed into conservatorship on March 23, 1933. Voluntary liquidation took place on October 23, 1933. The amount of large-size notes outstanding at the time the bank closed was \$6,670. Notes from Charter 2926 are more available to collectors than are the First Charter notes issued by the earlier bank with the same title and Charter 1876.

What about the town of Paxton and Sir William Paxton? This town, along the recently established Illinois Central Railroad, was developed in the 1850s. The original name of the town, Prairie City, later became Prospect City.

Settlers were in the area from around 1836. The Old Ottawa Road was at the south edge of the town. A railroad depot and post office were in operation in 1857. Prospect City was incorporated on February 16, 1865.

Sir William Paxton was an English architect who was interested in establishing an English colony in Illinois. The name



of the town was then changed to Paxton to honor the man. Paxton died before the plans for the English colony were completed and operational. Local historians stated that Sir William Paxton probably died without knowing the town had been named for him.

The answer to the question of "What did the First National Banks of Paxton, Illinois have in common with Sir William Paxton?" is that, other than the name of Paxton, these banks had absolutely nothing in common with Sir William Paxton.

The town of Paxton continued to grow. Swedish settlers started to arrive in the 1860s and joined the earlier settlers who were mainly from the eastern United States. The Swedish settlers were conservative, industrious, religious and had strong family and work ethics. More and more Scandinavian settlers came to the area, with a very large number arriving in the 1880–1890 period. These settlers, along with other immigrants from Europe, built an agricultural economy that has grown and prospered for over 125 years.

Paxton is the county seat of Ford County. It has a high personal per capita income and it is quite proud of the fact that in 1978 it had the highest per capita income in the State of Illinois and 59th in the entire United States. Forty farms in the area have been in the same families for over 100 years. Two business firms have served the community for over a century.

The Paxton Chamber of Commerce set forth "The stability of Paxton is reflected in the sense of family and community pride that is so much part of our rural heritage, so much of which is unspoiled by the outside world." Learning about Paxton national banks introduced me to the wholesome and delightful town of Paxton, Illinois.

Paxton research continues. Information about existing First Charter Period national bank notes issued by The First National Bank of Paxton, Charter 1876, is requested and will be appreciated. Please transmit information and photocopies to me at 3123 Bronson Boulevard, Kalamazoo, Michigan 49008.

The Last Bond of The Lost Cause

by JOHN MARTIN DAVIS, JR.

Throughout its short existence, The Confederate States of America struggled with budget deficits. The South's secession in 1861 required immediate revenue to support its political and related military objectives. The new confederacy of states, without a steady source of revenue, would soon suffer financial anemia. One of the most pressing questions facing the Provisional Confederate Congress at their first assembly in Montgomery was the procurement of funds to carry on the business of government.

HISTORICALLY, government financing relies on a simple combination of monetary and fiscal programs. Few nations have been blessed with sufficient gold, silver mines or other mineral royalties to pay their bills. Taxation was an essential part of any financial program. Unpopular under the best of circumstances, taxation was abhorred by the South's proponents of states rights. The secessionists in 1861 were unwilling to substitute one strong central government for another. Limited government intrusion was a canon supporting their sanctity for private property. Property rights formed the very core of the new confederation's principles.

The Confederate Congress was aware of its constituents' reluctance to any national tax scheme. Thus, other than import and export duties, taxation as a source of revenue remained minimal in the early months of the new government. Even after the August 19, 1861 War Tax Act, annual tax revenues did not exceed \$18 million. Tax collections remained cumbersome, mismanaged and insufficient throughout the confederation's short existence.

Loans quickly became the Confederate States of America's revenue of choice. The reasons for this were simple enough.

There existed a strong Southern consensus that the war would be short, negating the need for internal taxes. This popular conviction did not fully appreciate the Lincoln Administration's political resolve, the North's vast material resources and, most tragically, the Yankees' fervent commitment to preserve the Union.

Another consequence of the Confederacy's failure to appreciate political reality was evidenced by the "King Cotton Doctrine." This doctrine predicted that by denying Great Britain and France a steady cotton supply, those nations would be forced to recognize and perhaps rescue the South. The cotton

operatives in both nations had limited political influence abroad. The hoped-for textile mill shutdown and resulting mill worker discontent could be averted in either country through short-term social programs if such included public doles. William L. Yancy, one of the Confederate diplomatic representatives abroad, warned that popular opinion in France and Britain did not support slavery and neither government cared to meddle in American internal disputes. The Davis cabinet was reluctant to share this important intelligence with either the citizenry or their representatives. In failing to inform the people, the Davis administration encouraged unrealistic expectations of European assistance. Moreover, the disinformation foreclosed closer examination of other political alternatives. The South realized too late it had only itself to rely upon in its fight for independence. Help would not be forthcoming from overseas, but public awareness of this was too long in coming.

The primary reason for Confederate loan dependence was Congressional opposition to internal taxes under all circumstances. The Congress was made up of the South's planter class and social elite. The anomaly of this society was that those with the most to lose in the event of defeat (i.e. slaveowners) proved to be the least willing to contribute their full share toward the defense of that social system. Over \$3.5 billion of real and slave property remained exempt from taxes and military service throughout most of the war. Evidently a majority of the planters denied any possibility of failure and engaged in business as usual as long as possible. Accordingly, the lack of a strong tax policy contributed to inflation, and eventually led to hyperinflation. Citizens and soldiers alike became discouraged. The planter and his oligarchy government surely must share a full measure of responsibility for the inevitable financial collapse of the Confederacy.

Denial of tax revenue forced the entire fiscal support of the Confederacy on the various loan programs. Incorporating a plan suggested by John C. Calhoun in the 1830s, the Southerners early initiated a program of issuing non-interest-bearing treasury notes fundable into registered or coupon bonds, with the bond interest payable in coin. Such interest payments would, in theory, sustain the value of the bonds in the event of hyperinflation and maintain them at a premium against non-interest-bearing notes. This inherent value, in turn, would serve as an incentive to buy additional bonds. Historically interest-bearing notes were publicly held as income producing investments and thus withheld from general circulation. They were the traditional bridge financing method employed by the United States Treasury.

The United States Treasury prior to 1861 had issued interest-bearing notes in denominations of \$50 and higher. These were transferrable only by endorsement, thereby restricting free negotiability. A required endorsement was key in limiting the effect on the money supply. The U.S. Treasury redeemed these notes at face value plus accumulated interest. Sometimes at maturity a noteholder was allowed to postpone the redemption another 60 days. Because federal notes were dispersed nationwide and acceptable in payment of customs dues, they tended to gravitate toward the major ports, particularly New York. Three separate issues of federal interest paying notes again were authorized during the Civil War. Longer maturity terms yielded higher interest rates. The longest term, three years, yielded 7.30%. Examples of these notes are extremely scarce.

The treasury notes authorized by the Confederacy on March 9, 1861 (amended August 3, 1861) followed a pattern similar

to the United States issues. Regretfully, enforcement of the endorsement requirement was lax and the consequences were disastrous. Waiving an endorsement virtually converted each note to a bearer instrument, effectively creating another competing circulating currency.

The first Confederate interest-bearing issue was neither of great duration nor significant in amount. The issue amounted to only 607 sheets of \$50, \$100, \$500 and \$1,000 bills followed by another printing of 999 half sheets of \$50 and \$100 notes, both products of the National Bank Note Company. Later, the American Bank Note Company branch in New Orleans engraved and printed 5800 sheets of the so-call "First Richmond" notes. The total amount outstanding was \$2,021,100 at September 23, 1861. Notes could be paid out or reissued until March 1, 1862. Judging by the surviving notes, few were tendered prior to their redemption date. Seldom do notes show evidence of any indication of a reissue.

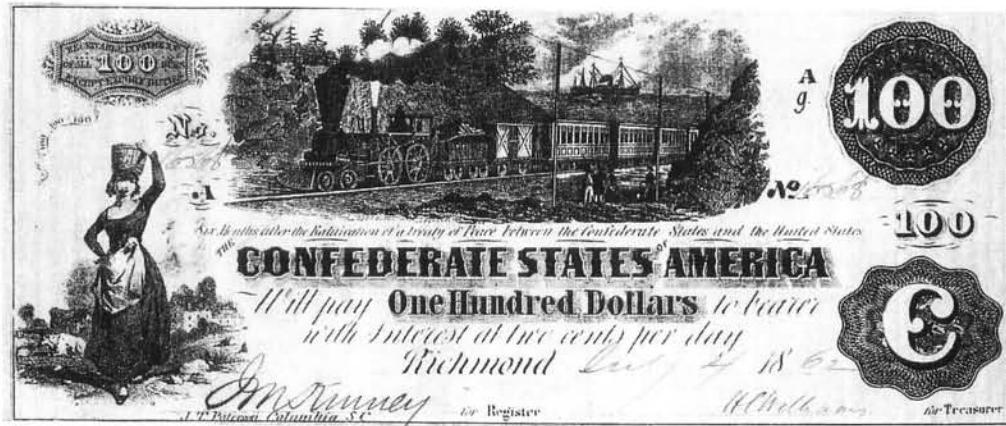
The southern bankers did not favor these notes. The \$500 and \$1,000 denominations were too large to be transferred conveniently. The 3.65% interest rate (one cent per day per \$100) was below the 4% rate that the banks paid one another for money on call. The U.S. one- and two-year treasury notes at that time yielded five and six percent, respectively. The bankers' complaints were not particularly important because of the small size and short duration of this issue.

The notes ceased to earn interest between May 24 and October 21, 1862. Although not covered by any of the funding acts, many notes remained outstanding in hopes of an ultimate redemption in coin. At the time of his last treasury report, Secretary Trenholm stated that over \$525,000 or a quarter of the

issue had not been presented for payment. The Confederate records indicate that there was finally an acceleration in presentations by early 1865 as the possibility of defeat was growing. People became more anxious for spendable money than investment yields.

For any policy using interest paying notes to work well, a cache of coin to pay earned interest was necessary. Secretary Christopher G. Memminger adamantly refused to acquire a coin stock reserve. He failed to restrict customs dues payments exclusively to specie. He missed opportunities to acquire gold when coin remained available. He only borrowed enough specie to meet upcoming interest payments, being more concerned about interest costs. He declined to expropriate bank gold supplies through eminent domain for fear of violating the "rights" of the banks. The bankers' property rights were superior to the bondholders' rights. The Secretary's inaction resulted in the eventual suspension of coin payment of interest, thereby depreciating the notes' value.

The second issue of interest-bearing treasury notes was vastly larger and had a greater impact on the Confederacy's finances. The origins of the second issue can be traced to Secretary Memminger's report following the Provisional Congress adjournment. In his report he was pessimistic about the prospects of the next bond auction. He reverted to his proposals of May 1861, again suggesting an issue of interest-bearing treasury notes. Under the Bond Act of April 12, 1862, Congress had authorized \$165 million 8% bonds payable anytime between ten and thirty years. Five days later, as an afterthought, the Congress approved an issue of 7.30% (two cents per day per \$100 or 7.32% in leap year) notes in lieu of bonds, pro-



Treasury note for \$100, Act of April 17, 1862.



Treasury note for \$100, Act of April 17, 1862.

vided that the combined total did not exceed the original \$165 million authorization. Since only \$3,222,550 of the bonds were sold, unsuccessful as the Secretary had predicted, sufficient unused capacity remained for new treasury notes that eventually totaled to \$127,241,400.

The new notes' enabling legislation was plagued by errors, omissions and illogic. The notes, bearing a maturity date six months after a treaty of peace between the United States and the Confederate States, had no provision as to when the interest would be paid. In his address of August 18, 1862 Memminger reported that \$22 million of these notes had been issued and requested Congress to provide for interest payments each January 1. Although the banking community suggested higher denominations to help control inflation, Memminger steadfastly remained with the initial \$100 denomination. The banks hoarded the interest paying notes while placing the non-interest-bearing notes into circulation.

Procedural oversights and lack of administrative instructions proved costly. The foremost dereliction was the failure to provide in the law a clause requiring transfer only by endorsement. Another problem was the cumbersome requirement that each government issuer manually mark the actual issue date to prevent excess interest payments. Clerks spent incalculable time endorsing each and every note emitted. It was not until early 1863 that issue stamps were used by the larger pay depositories. No policy existed directing whether such notes were receivable at par or plus interest, as was the procedure in the North. Some depositories received them on the latter basis while most allowed only the accumulated interest through the prior first of January. The bankers, not surprisingly, elected the more restrictive computation causing many noteholders to forfeit their earned interest, much to the their annoyance. The large note volume continued to chill bond sales. Why would a person buy an 8% bond when for only slightly less interest (7.30%), one could have a cash equivalent? Investments in call certificates were also hindered because a \$500 call certificate yielded only 6% interest while a 7.30% interest note could be had in denominations of only \$100.

Even when it became apparent that such notes were circulating as currency, thereby contributing to the general inflation, Secretary Memminger would not permit a free exchange of these notes into April 12, 1862 bonds yielding 8%. Again he legalistically reasoned that such an exchange was not permissible because there was no specific authorization from Congress.

Once interest payments were made in inflated treasury notes rather than specie any natural incentive the public might have had to exchange notes for bonds on a voluntary basis ceased. The Congress was compelled to adopt compulsory means to force people to exchange their notes for bonds. The Acts of October 13, 1862, March 23, 1863 and February 17, 1864 applied ever increasing economic inducements to encourage exchanges of notes for bonds. During this period security printers continued to lag behind bond demand. A paper receipt was issued to noteholders in lieu of bonds because of the printers backlog. The printed depository receipts became almost as prevalent as the bonds themselves. The practical need to use interim certificates and depository receipts in exchange for notes, bonds, stock and call certificates continued to grow as the printers fell further behind.

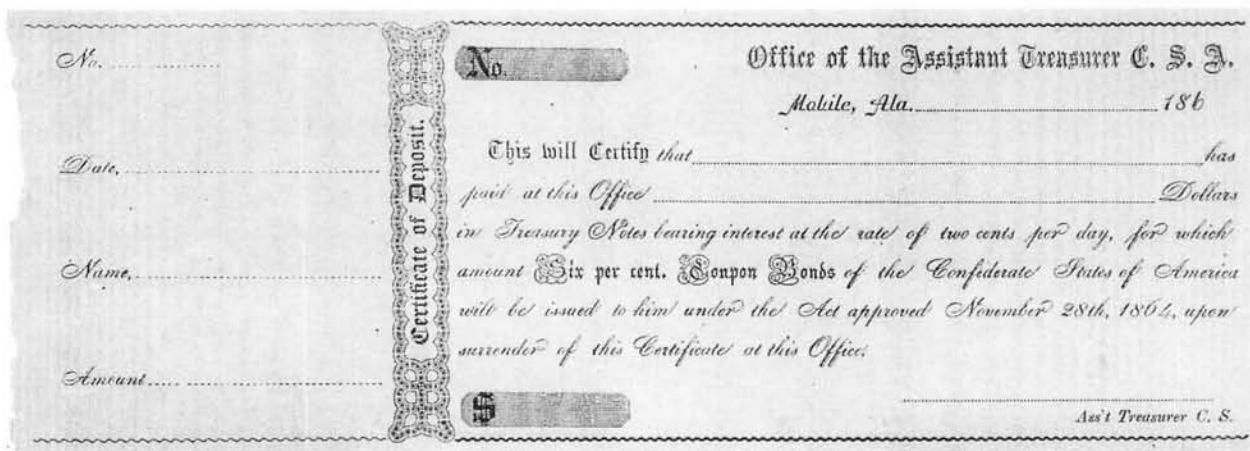
By the end of 1863 it was obvious that the 7.30% notes had become a costly burden to the treasury. The treasury was paying \$10 million in interest on notes that were actually contributing to inflation. To prevent further circulation Section 13 of Act of February 17, 1864 converted these notes into bonds with interest payable each January 1 and extended the redemption date to two years after peace.

The decision to end the issue's circulation was commendable, but the results were negligible. All three designs of the 7.30% notes looked like money, felt like money and were obviously being used as money. The government's efforts proved ineffective in suppressing the circulation of these notes. As a result, \$125 million remained outstanding in early 1864.

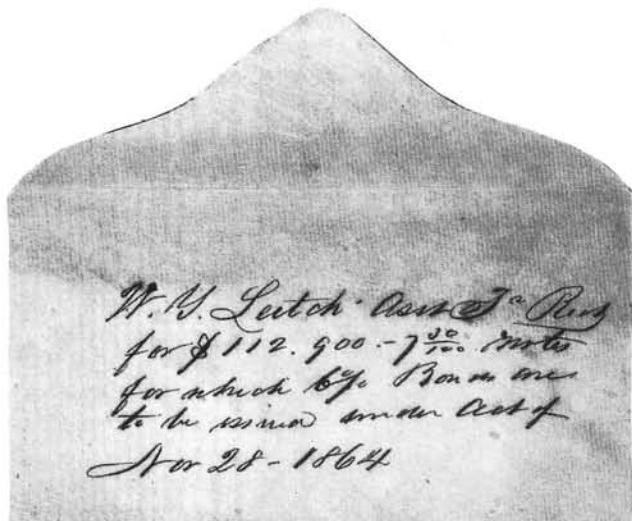
When all else failed the Confederate Congress, on November 28, 1864, decreed that the 7.30% treasury notes would be exchanged for six per cent coupon bonds, payable thirty years after the first day of January 1865. About \$99 million 7.30% treasury notes remained outstanding at that time.

Evidence of implementation of the November 28, 1864 Loan Act is scant. Four examples of interim depository receipts for the November 28, 1864 bonds exchanged for 7.30% treasury notes have surfaced. The first is a blank remainder with attached stub, printed for use by the "Office of the Assistant Treasurer Confederate States of America," Mobile, Alabama. The document is styled "Certificate of Deposit."

The second example was specially designed and printed for the "Confederate States Depository" at Augusta, Georgia. Unlike the first specimen, the Augusta receipt was executed for \$300, dated January 27, 1865 and was registered as certificate number twelve.



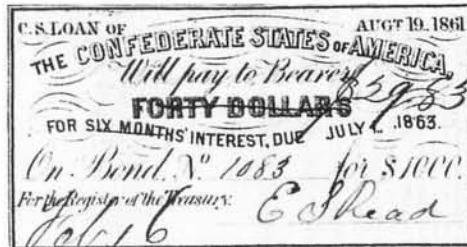
Depository receipt, Act of November 28, 1864, Assistant Treasurer, Mobile, Alabama.



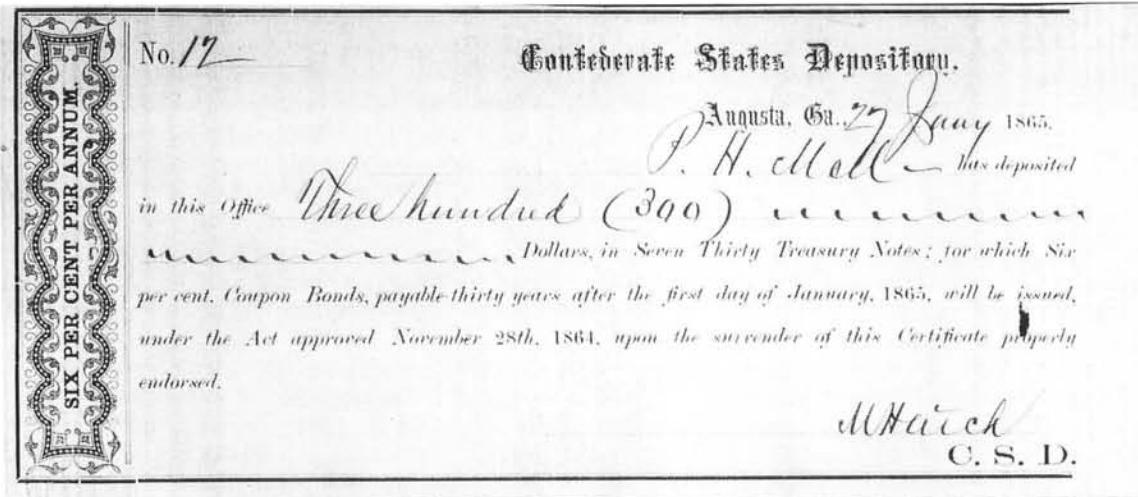
The envelope that contained the Depository receipt, issued by the Assistant Treasurer at Charleston for bonds under Act of November 28, 1864.

The third example was issued by the depository at Raleigh, North Carolina. It was offered in the 1987 NASCA, Virginia Numismatic Association "Richmond Sale," and described in Lot 1050 of the auction catalog. The interim depository receipt was number 31 for \$1,700 issued under the November 28, 1864 Note Exchange Act.

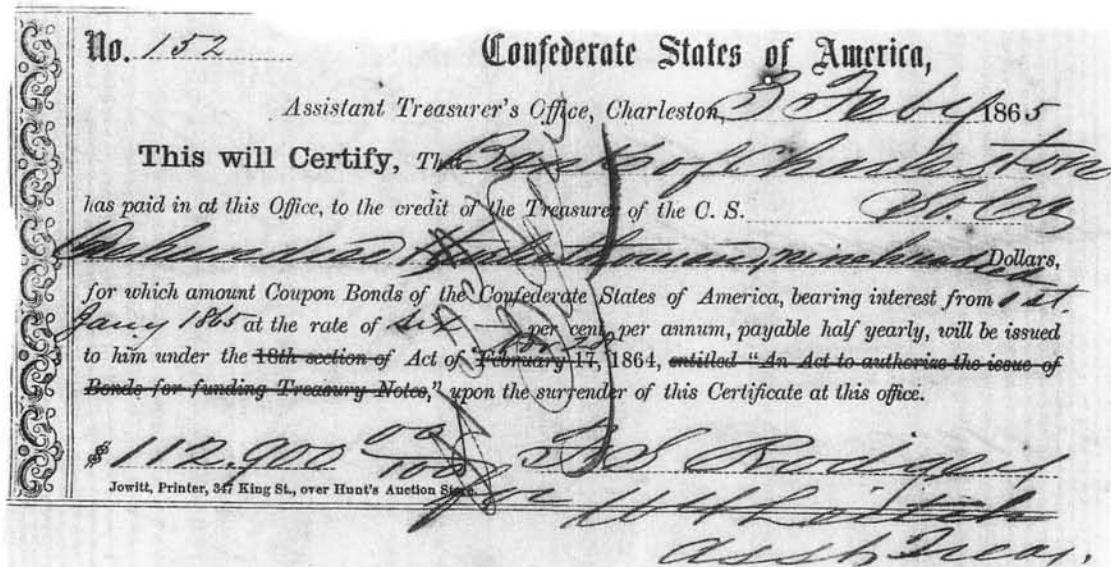
With his usual scholarly insight, Dr. Ball cast doubt on both of these possibilities, although he concedes his position is not conclusive. Secretary Memminger had decreed that Section 6



Coupon with altered date and amount lowered to \$29.83.



Depository receipt, Act of November 28, 1864, Assistant Treasurer, Charleston, South Carolina (Altered from Act of February 17, 1864, Section 18).



Depository receipt, Act of November 28, 1864, Confederate State Depository, Augusta, Georgia.

bonds were to be sold at a 35% premium in notes, whereas the November 28, 1864 Act contemplated funding at par. Obviously those who had paid a premium for their bonds would be displeased to have others purchasing the same bonds for less money. Considering the state of the fiscal affairs as the war wound down, it would not be beyond the bounds of reason to suspect that some officials may have bent some of the normal rules of commerce to accommodate imminent needs.

Some depository offices in the Trans-Mississippi Department continued to function until the end of the war. Any depository office in an unoccupied city was theoretically capable of implementing the exchange provisions of the November 28, 1864 Act. This could even be extended until June 1865 in the Western states. Additional interim depository receipts for this final bond act will surely surface. Perhaps someday even an example of the "Last Bond of the Lost Cause" will appear.

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HOARDS!

By ROBERT H. LLOYD

[Part Three]

WHEN the first small-size Currency notes were released on July 10, 1929, newspapers predicted that it would take three years for our country's paper money to be converted to the new, smaller notes. The U.S. Treasury publicly agreed with these predictions. Actually, the whole exchange was accomplished in about six months!

Bank tellers simply paid out the new currency, and held on to the old large notes. When the "Great Depression" began with the New York Stock Exchange "crash" in October 1929, the demand for paper money was greatly reduced, and was not revived until 1933. At that time the U.S. Treasury was forced to create "emergency" money, the Federal Reserve Bank notes.

Millions of dollars in fairly new and quite usable large-size currency was thus returned for conversion in a short span of time. The national banks always sent in the notes of other banks when required to pay their indebtedness to the Comptroller of the Currency—this process took away some of the advertising of their competitors! This practice had been going on for years. The Comptroller's office had not time to sort and return perfectly usable notes to the issuing bank, so they were fed to the incinerators. A wasteful process, yes, but sorting the individual packages of notes would have been time-consuming and expensive. So, millions of dollars in large-size notes actually never wore out due to circulation.

Hoarded notes of the old large-size currency continued to flow into the various Federal Reserve Banks and their branches well into the 1940s. I once spied a stack of notes in a teller's wicket, against the rear wall of the cage. The top note on the stack was a \$5 1899 silver certificate, the "Oncpapa, Running Antelope" note. I could easily see that the note was in nice shape, probably VF or better. I was able to buy that note for face value.

When I asked about the rest of the stack, I was told that I could buy them all for the face value, \$1350. I told the teller to hold the stack, and that I would present a cashier's check—ON THEIR BANK—for that amount to him the following day. At this point the teller briefly fanned through the stack, and I saw at least a dozen nice 1882 Series national currency notes—Brown Backs, Date Backs, as well as silver certificates, legal, tender notes, Federal Reserve Bank notes and Federal Reserve notes—many high-grade items!

I arranged with the bank to have a courier deliver the cashier's check the next day and pick up the notes.

When the courier got to the bank the next day and presented the check, she was told to wait. She waited for the better part of a half hour, at which point she was told that the bank's president had not yet seen the notes—even though the notes had been in the bank for over a week!

The bank president decided to purchase some of the notes. The courier was given a check for about \$500, and the balance of the unwanted notes—about \$850 face. The "remainder" delivered to me consisted of many limp, mended, and well-worn notes. The late Jesse A. Taylor went through the notes and found that only about \$250 were collectible. The rest were turned in to a Buffalo bank.

So not all hoards were rescued for collectors. Gold certificates were pretty well weeded out in 1933. Hoards of small-size notes without the gold certificates, showing little variation for the most part, were paid out again by the tellers. Most "money-handlers" were not aware of the scarcer varieties of 1928-1934, and paid little or no attention to those notes.

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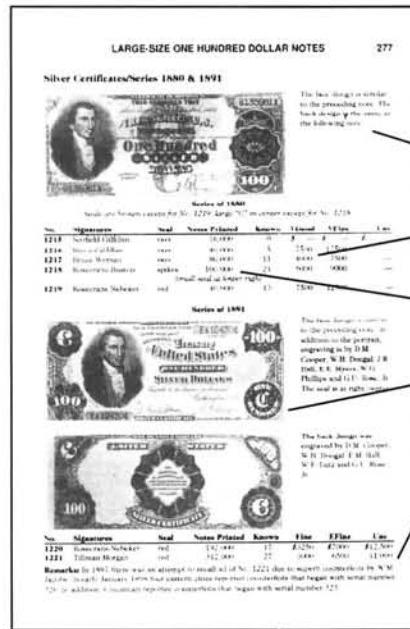


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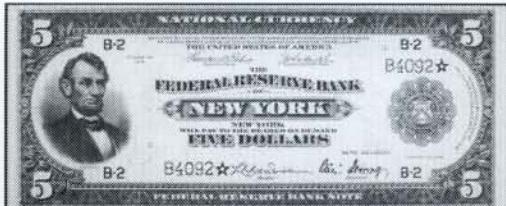
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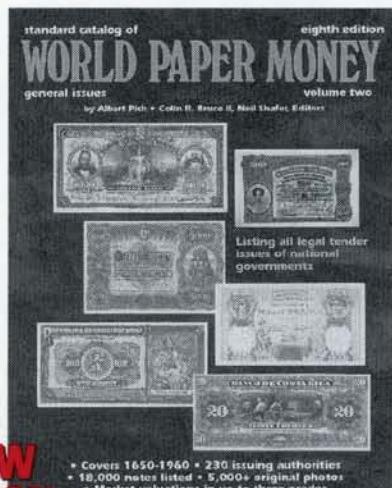


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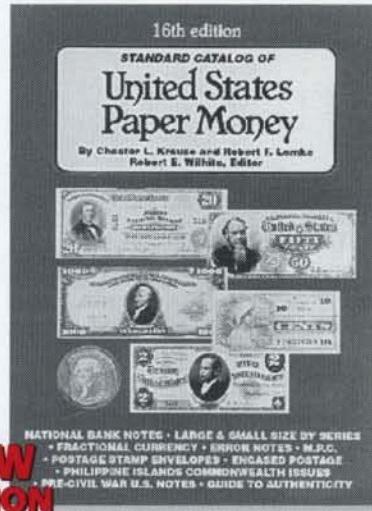
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